



Holomua

August 2005



Published by the
**State of Hawaii
Employees' Retirement
System (ERS)**

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Dear Members,

Over the next three years, the Employees' Retirement System will be undertaking three very significant projects that will dramatically improve the services and benefits that you will receive:

New Hybrid Retirement Plan

58,000 members will be given the choice of joining this new hybrid contributory plan or staying with their current plan. The hybrid plan will provide a better pension benefit package for noncontributory plan members and certain contributory plan members. With the assistance of a consultant, we will be undertaking an extensive communications effort to inform all of you about the benefits and costs of transferring or enrolling in this new plan. This effort will take approximately two years and a team of ERS employees will ensure that you get the necessary information to make a sound decision.

New Computer System

With a new computer system, the ERS will not only gain efficiencies, but will more importantly, move one step closer to our goal of providing you with a single self-service point of contact. Once the system is in place, you will be able to access your membership information online and make changes to your information as needed. If you don't have Internet access, we will have PCs in our office that will be available for your use. This project will take three years and is scheduled for completion in late 2007 or early 2008.

Member Statement

This project provides members with essential service credit information to

help make important decisions, such as whether to enroll in the new hybrid contributory plan. The project will ensure that clean service credit and account data is available for the new computer system. It will also increase efficiencies in the processing of pension benefits. This project will take two years to complete. Member statements will be issued by the end of October.

In addition to carrying out these projects, the ERS will continue to process pension benefits for more than 33,000 retirees who are currently on our payroll and the 1,600 new retirees who leave government service every year. We expect to continue to pay estimated pension benefits within 30 days of your retirement date.

Forty percent of our 71 employees are assigned to these projects. We will make every attempt to continue to meet your needs with the resources available to us, but you may experience some delays in service. For example, it may take us longer to respond to inquiries and obtaining retirement estimates may require you to use the benefit calculators on our website.

We ask for your patience and understanding during the next three years as we focus on the completion of these crucial projects and strive to improve our service to you, our members.

Sincerely,

David Shimabukuro
Administrator

**State of Hawaii
Employees' Retirement System**

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RETURN SERVICE REQUESTED



Get Ready to Make Your Choice... The New Hybrid Retirement Plan is Coming!

Last year, the Legislature and Governor approved the creation of the new Hybrid Contributory Retirement Plan. Those who are currently members of the Noncontributory Plan, and certain Contributory Plan members, will be given the choice of joining the new Hybrid Plan effective July 1, 2006, or staying in their current plan. Most employees hired on or after July 1, 2006 will be required to join the new Hybrid Plan.

The ERS will begin communicating the Hybrid Plan to eligible members this fall. You will be provided with a variety of materials and resources to help you decide if you want to join the Hybrid Plan or stay in your current plan. This is an important decision because your choice to join or not join the Hybrid Plan is permanent. You cannot change your mind later.

The following materials and resources will be available starting in November:

Member Statements providing service credit information will be mailed to members. A Correction Request Form will be enclosed to report any discrepancies.

Personalized Hybrid Plan booklets will be mailed to eligible members. The booklets will compare your estimated benefits and contributions under your current plan and the Hybrid Plan. It will also compare features of the two plans and point out advantages of each.

Member Meetings will be held beginning in November to give general information about the Hybrid Plan and to answer member questions. Locations will be provided later.

Member Call Center will be staffed with trained representatives to answer your questions about the Hybrid Plan and your current retirement plan.

Video about the Hybrid Plan will be available for viewing on a special website.

Steps You Will Need To Take Starting In November

1. Review all of the information available to you. Be sure to ask questions by calling the Member Call Center or at a Member Meeting.

Your Personalized Hybrid Plan Booklet Will...

- Compare your estimated benefits under the Hybrid Plan and your current Plan
- Describe how to enroll in the Hybrid Plan
- Give you Member Meeting information
- Provide you with the Call Center toll-free number and special enrollment website address

The deadline to make your election is March 31, 2006.

2. Decide if you want to enroll in the Hybrid Plan or stay in your current plan. You must make an election.

3. Make Your Election to enroll in the Hybrid Plan or stay in your current Plan by

- Calling the Member Call Center, or
- Logging on to the special enrollment website.

You will need to make your election by March 31, 2006.

The opportunity to join the Hybrid Plan will affect your future retirement benefits – ERS wants to assist you in making the choice that is right for your personal situation!